



To: Mayor Don Wesely
Lincoln City Council
Marc Wullschleger

From: Charlie Meyer, DLA Chairman
Polly McMullen, DLA President

Subject: 2002-03 Proposed BID Budgets and Program of Work

We are pleased to submit for your review and public hearing, tentatively scheduled for August 5, the proposed management and maintenance BID budgets and Program of Work for 2002-03. We have outlined the highlights of these budgets below.

MAINTENANCE BUDGET

While the 1997 ordinance establishing the maintenance BID allows an annual increase in the assessment rate of up to 5%, we are recommending only a 2% increase for property owners, which will generate an additional \$3,622 in income. We are also requesting that \$17,878 from the Replacement Plantings line item in our budget be directed to staff salaries (we currently have approval to direct up to \$15,000 to staff salaries).

The increase is needed to help us address a projected 33% increase in employee health insurance costs and increased services from Community Alternatives of Nebraska (CAN), an agency which partners with private employers and community organizations to provide work opportunities for developmentally disabled adults. Our partnership with CAN over the past three years has been extremely positive and beneficial for both their clients and downtown Lincoln.

We are proud that downtown Lincoln is widely perceived as clean, safe and attractive by downtown workers, residents and visitors as a result of our maintenance program. DLA maintenance workers with assistance from CAN are caring for an increasingly sophisticated, active environment as a result of continuing economic development in the downtown and continuing improvements to the downtown streetscape.

MANAGEMENT BUDGET

Our proposed management BID budget contains a 2% increase in property owner assessments which will generate an additional \$8,434 in income. (1999 ordinances establishing the management BIDs allow up to 3% or Consumer Price Index, whichever is less. 2001 CPI was 2.8%). This increase is needed to address a major increase in employee health insurance costs as well as significant increases in property, casualty, umbrella and Directors & Officers insurance.

Despite this modest 2% increase, many of the 575 properties in our management BIDs will continue to see decreases in their annual assessments as a result of continued economic development and private investment in the downtown. This activity is supported by the presence of a strong leadership organization in DLA and our 2002-03 proposed budget demonstrates our continued commitment to economic development and business recruitment.

BUDGET REVIEW PROCESS

One of DLA's priorities for the current fiscal year was to undertake a thorough BID budget review process to analyze our current budget and budget process in view of recommending changes and improvements. A 10-member committee headed by DLA Treasurer Scott Miller met over a 3-month period and issued a report with their conclusions and recommendations.

This report was unanimously adopted by the DLA board on May 28, 2002 and will be the foundation for continued refinement of our budget and identification of potential non-BID revenue sources to supplement property owner assessments. We are happy to provide copies of this report to city officials.

DLA thanks the city for your support of downtown Lincoln this past year and look forward to working with you during the upcoming year.

CC: Ann Harrell – Mayor's Office
 Dallas McGee – Urban Development

**BUDGET ASSUMPTIONS FOR
2002-03 MAINTENANCE BID**

1. 2% increase in property owner assessment rate, generating \$3,622 in additional income.
2. 5% increase in StarTran and Parking Garage Landscape service contracts (will need to negotiate), generating \$700 in additional revenue.
3. \$2,155 increase in Farmers' Market service agreement with Lincoln Haymarket Development Corporation (LHDC) for additional services.
4. \$17,878 from \$75,000 Replacement Plantings line item directed to staff salaries (currently have approval for up to \$15,000 – this will involve a special request to the city to exceed the \$15,000).
5. Increased expenses include:
 - \$465 in shop rent.
 - Estimated \$4,278 (126%) in property and casualty insurance.
 - 5.4% in personnel and benefits.
(projected 33% increase in health insurance, down 1 FTE but increased services from Community Alternatives of Nebraska, 4% raises)
 - Small increase in landfill costs.

*1997 Maintenance BID ordinance allows up to 5% annual increases in assessment rate;
2001 Consumer Price Index was 2.8%.

**Downtown Lincoln Association
Proposed Maintenance BID Budget
Fiscal Year 2002-03**

06/24/2002

Category	2001-02 Budget	2002-03 Budget
INCOME		
Property Owner Assessment*	181,657	184,735
City of Lincoln Maintenance Contribution	128,660	128,660
City of Lincoln Gen. Fund/Tree Replacement	75,000	75,000
Management Fee/City of Lincoln	18,000	18,000
StarTran Bus Stop Service Agreement	2,000	2,100
Parking Garage Landscape Service Agreement	12,000	12,600
LHDC Farmers' Market Service Agreement	3,100	5,255
Interest Income	800	375
TOTAL INCOME	\$ 421,217	\$426,725
EXPENSES		
Personnel Salaries/Benefits	254,446	268,125
Uniforms	2,370	1,841
Federal/PO/LHA Share Special Assessments	9,580	9,580
Holiday Installation, Repair & Maintenance	20,000	20,000
Insurance	3,390	7,668
Administrative Costs to DLA	20,000	20,000
Professional Fees	1,000	1,000
Professional Development	600	600
Landfill/Refuse	1,700	1,850
Rent	21,531	21,996
Utilities	6,400	6,700
Repairs/Supplies	10,200	10,243
Replacement Plantings**	70,000	57,122
Total Maintenance BID Expense	\$ 421,217	\$426,725

*60,758.000214 front ft. @ 3.04050168/front ft. => \$184,735

**remaining \$17,878 applied to personnel costs

**BUDGET ASSUMPTIONS FOR
2002-03 MANAGEMENT BID**

1. 2% increase in budgeted income from property owner assessments, generating an additional \$8,434 in income.
2. Continued reduction in administrative and support budget due to \$4000 reduction in BID interest and administrative costs charged by the city to DLA. This savings is partially offset by an estimated 69% increase (from \$3,206 to \$5,433) in insurance (Property and Casualty, Umbrella, Directors & Officers, and Employment Practices Liability).
3. "Do It Downtown" campaign line item added to both Downtown BID and Core Overlay BID budgets for a total of \$21,877 in BID campaign expenditures.
4. Personnel Salaries/Benefits include:
 - 33% projected increase in health insurance rates.
(employee share of premium projected to increase by 21%, maintaining the same % of cost sharing between DLA and employees)
 - 4% salary increases for Management staff.

Total budget for payroll and benefits decreased by \$185.

*1999 Management BID ordinances allow annual increases up to 3% or Consumer Price Index (whichever is less); 2001 Consumer Price Index was 2.8%.

**DOWNTOWN LINCOLN ASSOCIATION
PROPOSED MANAGEMENT BID BUDGET
Sept. 1, 2002 - August 31, 2003**

06/24/2002

CATEGORY	2001-02 Budget	2002-03 Proposed
INCOME		
Property Owner Assessment-Downtown BID	254,813	259,909
Property Owner Assessment-Core Overlay BID	166,894	170,232
Transfer from Maintenance	20,000	20,000
Nonprofit Contributions	48,000	48,000
Interest Income	800	450
TOTAL INCOME	\$ 490,508	\$ 498,591
EXPENSES		
CATEGORY	2001-02 Budget	2002-03 Proposed
DOWNTOWN BID ACTIVITIES & IMPROVEMENTS		
PARKING & TRANSPORTATION INITIATIVES		
Personnel		
President (25%)	23,749	25,005
Communications Manager (25%)	12,773	10,615
Research Director (45%)	15,510	15,573
Total Personnel	\$52,032	\$ 51,193
Activities/Products		
Marketing, Promotion, and Special Parking Projects	11,519	13,318
Information and Referral Program	1,100	1,100
Issue Research and Education	595	595
Total Activities/Products	\$13,214	\$ 15,013
TOTAL PARKING & TRANSPORTATION INITIATIVES	\$65,246	\$ 66,206
ECONOMIC DEVELOPMENT		
Personnel		
President (20%)	18,999	20,005
Communications Manager (40%)	20,437	16,984
Research Director (55%)	18,956	19,033
Total Personnel	\$58,392	\$ 56,022
Activities/Products		
Consumer Marketing	16,321	20,061
Business Recruitment and Retention	3,310	3,300
Benchmarking Program	150	0
Small Business Assistance	2,000	2,000
Building Codes Task Force/Adaptive Reuse Projects	2,000	2,000
Total Activities/Products	\$23,781	27,361
TOTAL ECONOMIC DEVELOPMENT	\$82,173	\$ 83,383

18.81%

23.69%

CATEGORY	2001-02 Budget	2002-03 Proposed	
COMMUNICATIONS & ADVOCACY			
Personnel			
President (20%)	18,999	20,005	
Communications Manager (35%)	17,882	14,861	
Administrative Assistant (50%)	12,218	12,091	
Total Personnel	\$49,099	\$ 46,957	
Activities/Products			
BID Newsletter	13,500	13,500	
Business Directory and Map	18,108	10,000	
Annual Meeting/Annual Report	1,500	3,500	
"Do It Downtown" Campaign	0	9,461	
Total Activities/Products	\$33,108	\$ 36,461	
TOTAL COMMUNICATIONS & ADVOCACY	\$82,207	\$ 83,418	23.70%

TOTAL DOWNTOWN BID ACTIVITIES & IMPROVEMENTS	\$229,626	\$233,007
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CORE - ACTIVITIES & IMPROVEMENTS			
CORE AREA IMPROVEMENTS & PROMOTIONS			
Personnel			
President (25%)	23,749	25,005	
Administrative Assistant (25%)	6,109	6,046	
Total Personnel	\$29,858	\$ 31,051	
Activities/Products - Year 1			
Facilitate Adaptive Reuse Projects	2,916	6,000	
Visitor Attractions/Promotions	15,000	15,000	
Replace Holiday Display & Lights	15,000	15,000	
Replace Street Furniture	15,000	15,000	
Events Management Corp.	15,000	15,000	
Downtown Technology Fair	2,500	2,500	
Downtown Housing Study	15,000	0	
"Do It Downtown" Campaign	0	12,416	
Public Spaces Entertainment/Events	6,967	7,000	
Total Activities/Products	\$87,383	\$ 87,916	
TOTAL CORE AREA IMPROVEMENTS & PROMOTIONS	\$117,241	\$ 118,967	33.80%

TOTAL BUDGET BEFORE MGMT & SUPPORT	\$ 346,867	\$ 351,974
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CATEGORY	2001-02 Budget	2002-03 Proposed
MANAGEMENT & SUPPORT		
Personnel:		
President (10%)	9,500	10,002
Director of Finance (100%) (64% of position paid by BID)	31,346	34,848
Administrative Asst. (25%) (88.5% of position paid by BID)	6,109	6,046
PT Office Asst. (100%)	2,611	2,642
Total Personnel	\$ 49,566	\$ 53,538
Fixed Costs:		
BID Interest/Admin. Costs	20,000	16,000
Rent	18,474	18,891
Corporate Insurance	3,206	5,433
Corporate Taxes/Licenses	1,320	1,680
Total Fixed Costs	\$ 43,000	\$ 42,004
Administration:		
Telephone & Utilities	6,500	6,500
Office Supplies	6,500	6,500
Postage	2,900	2,900
Copies	5,850	5,850
Dues/Subscriptions	1,500	1,500
Professional Development	5,500	5,500
Meeting Expense	2,500	2,500
Repairs & Maintenance	1,500	1,500
Furniture, Fixtures, & Equipment Lease	8,325	8,325
Furniture, Fixtures, & Equipment Purchase	2,500	2,500
Professional, Accounting, & Legal	7,500	7,500
Total Administration	\$ 51,075	\$ 51,075
TOTAL MANAGEMENT & SUPPORT	\$ 143,641	\$ 146,617
TOTAL BID BUDGET: DOWNTOWN, CORE AND MANAGEMENT	\$ 490,508	\$ 498,591

**DOWNTOWN LINCOLN ASSOCIATION
ANNUAL PROGRAM OF WORK
SEPTEMBER 2002 – AUGUST 2003**

DOWNTOWN BID PROGRAM PRIORITIES WITH BUDGET REQUIREMENTS

PARKING AND TRANSPORTATION INITIATIVES

1. Support City, UN-L, DLA coordinated marketing efforts to increase awareness of parking availability and locations.
2. Increase awareness of downtown parking programs and options for part-time workers.
3. Establish a parking information database through DLA web page.
4. Conduct issue research and education on parking and transportation needs, trends and options.

Total Parking Budget (includes staffing) \$66,206

ECONOMIC DEVELOPMENT

1. Continue investor marketing to developers, real estate brokers, prospective tenants and building owners.
2. Continue general consumer advertising to support and promote downtown.
3. Continue a "benchmarking" system to track progress in downtown development and BID Business Plan.
4. Provide technical assistance, coordinated marketing and other support to owner-operated small businesses.
5. Continue efforts to facilitate reuse of downtown building stock, especially with regard to building code review.
6. Launch "Do It Downtown" branding campaign.

Total Economic Development (includes staffing) \$83,383

COMMUNICATIONS AND ADVOCACY

1. Publish "Downtown Beat" newsletter on bi-monthly basis.
2. Update annually Downtown Business Directory and map.
3. Publish and disseminate annual report in conjunction with annual meeting.

Total Communications/Advocacy (includes staffing) \$83,418

TOTAL DOWNTOWN BID \$233,007

CORE OVERLAY BID PROGRAM PRIORITIES/BUDGET REQUIREMENTS

1. Facilitate adaptive reuse of underutilized core properties through feasibility studies, development plans, targeted recruitment strategies, etc.
2. Support efforts to bring additional visitors, meetings and conferences to downtown hotels and businesses.
3. Replace worn holiday lights and provide funding for installation of holiday displays.
4. Replace outdated benches and trash receptacles on north 13th Street, O to P, to compliment new plantings.
5. Provide support to downtown Events Management Corporation.
6. Provide funding for "Do It Downtown" branding campaign.
7. Continue to organize and provide funding for downtown public space entertainment events, including Foundation Garden Series, Holiday Lighting Event and Midweek Farmer's Market.
8. Organize and provide limited financial support for Downtown Technology Fair 2003.

Total Core Overlay Budget (includes staffing) \$118,967
TOTAL PROGRAMS BEFORE MANAGEMENT AND SUPPORT \$351,974

2002-2003 PRIORITIES WITHOUT SEPARATE BUDGET REQUIREMENTS

1. Support implementation of downtown parking study to address current and projected downtown parking needs.
2. Facilitate improved utilization of existing parking supply, especially privately-owned lots and structures.
3. Continue advocacy for priority development projects proposed in the 1998 "Investment Strategy for a Competitive Downtown," especially a downtown Entertainment Center, redevelopment of the Old Federal Building and increased residential choices.
4. Continue outreach, communication and accountability to downtown business and property owners through periodic meetings, distribution of "benchmarking" data and questionnaires soliciting feedback on services, issues and concerns.
5. Support efforts to address barriers to development in downtown and in older commercial areas of the city, including Antelope Valley.
6. Continue implementation of 1998 Downtown Tree Replacement Master Plan.
7. Continue to support the Antelope Valley project with special focus on east downtown development opportunities.
8. Continue to emphasize positive working relationships with all community organizations, including the Downtown Neighborhood Association, Lincoln Board of Realtors, Homebuilders Association of Lincoln, city, county and state governments, the Lincoln Haymarket Development Corporation, University of Nebraska-Lincoln, Lincoln Independent Business Association, Lincoln Chamber of Commerce, Neighborhoods, Inc., University of Nebraska Technology Development Center and local media.
9. Continue active involvement in city-wide initiatives which significantly impact downtown Lincoln, especially the Mayor's Technology Council, Entertainment Market Study and UNL "NU Directions" project to reduce binge drinking among students.